



PROPERTY AND CASUALTY COMPANIES - ASSOCIATION EDITION

ANNUAL STATEMENT

FOR THE YEAR ENDED DECEMBER 31, 2008  
OF THE CONDITION AND AFFAIRS OF THE

Unitrin Direct Insurance Company

NAIC Group Code

0215  
(Current)

0215  
(Prior)

NAIC Company Code

10226

Employer's ID Number

36-4013825

Organized under the Laws of

Illinois

State of Domicile or Port of Entry

IL

Country of Domicile

United States of America

Incorporated/Organized

03/21/1995

Commenced Business

04/20/1995

Statutory Home Office

One East Wacker Drive  
(Street and Number)

Chicago , IL 60601  
(City or Town, State and Zip Code)

Main Administrative Office

2790 Business Park Drive  
(Street and Number)

Vista , CA 92081  
(City or Town, State and Zip Code)

760-599-4700  
(Area Code) (Telephone Number)

Mail Address

2790 Business Park Drive  
(Street and Number or P.O. Box)

Vista , CA 92081  
(City or Town, State and Zip Code)

Primary Location of Books and Records

One East Wacker Drive  
(Street and Number)

Chicago , IL 60601  
(City or Town, State and Zip Code)

312-661-4600  
(Area Code) (Telephone Number)

Internet Website Address

www.unitrindirect.com

Statutory Statement Contact

Robert Allen Lindgren  
(Name)

760-596-4696  
(Area Code) (Telephone Number)

rlindgren@unitrindirect.com  
(E-mail Address)

760-597-6585  
(FAX Number)

OFFICERS

President

James Allen Schulte

Treasurer

Clark Hubbard Roberts #

Senior Vice President

David Michael Elkins

Secretary

Margaret Lorraine O'Hara

OTHER

Timothy Douglas Bruns, Executive Vice President

Donald Gene Southwell, Chairman of the Board

DIRECTORS OR TRUSTEES

David Frederick Bengston

James Allen Schulte

Eric John Draut

Richard (NMI) Roeske

Donald Gene Southwell

State of

Illinois

County of

Cook

SS:

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

James Allen Schulte  
President

Clark Hubbard Roberts  
Treasurer

Margaret Lorraine O'Hara  
Secretary

Subscribed and sworn to before me this

day of

February 2009

a. Is this an original filing? .....

b. If no,

1. State the amendment number.....

2. Date filed .....

3. Number of pages attached.....

Yes [ X ] No [ ]

Amy J. Ramirez  
Notary Public  
12/09/2012

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities .....	2,437,170	17.693	2,437,170	17.693
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies .....		0.000		0.000
1.22 Issued by U.S. government sponsored agencies .....		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities) .....		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S. :				
1.41 States, territories and possessions general obligations .....	4,510,686	32.746	4,510,686	32.746
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations .....		0.000		0.000
1.43 Revenue and assessment obligations .....		0.000		0.000
1.44 Industrial development and similar obligations .....		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA .....		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC .....	1,358,325	9.861	1,358,325	9.861
1.513 All other .....		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA .....		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521 .....		0.000		0.000
1.523 All other .....		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO) .....		0.000		0.000
2.2 Unaffiliated foreign securities .....		0.000		0.000
2.3 Affiliated securities .....		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds .....		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated .....		0.000		0.000
3.22 Unaffiliated .....		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated .....		0.000		0.000
3.32 Unaffiliated .....		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated .....		0.000		0.000
3.42 Unaffiliated .....		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated .....		0.000		0.000
3.52 Unaffiliated .....		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development .....		0.000		0.000
4.2 Agricultural .....		0.000		0.000
4.3 Single family residential properties .....		0.000		0.000
4.4 Multifamily residential properties .....		0.000		0.000
4.5 Commercial loans .....		0.000		0.000
4.6 Mezzanine real estate loans .....		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company .....		0.000		0.000
5.2 Property held for the production of income (including \$ ..... of property acquired in satisfaction of debt) .....		0.000		0.000
5.3 Property held for sale (including \$ ..... property acquired in satisfaction of debt) .....		0.000		0.000
6. Contract loans .....		0.000		0.000
7. Receivables for securities .....		0.000		0.000
8. Cash, cash equivalents and short-term investments .....	5,468,505	39.700	5,468,505	39.700
9. Other invested assets .....		0.000		0.000
10. Total invested assets	13,774,685	100.000	13,774,685	100.000

Schedule A - Verification - Real Estate  
**N O N E**

Schedule B - Verification - Mortgage Loans  
**N O N E**

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company

SCHEDULE BA - VERIFICATION BETWEEN YEARS

Other Long-Term Invested Assets

1.	Book/adjusted carrying value, December 31 of prior year .....	
2.	Cost of acquired:	
	2.1 Actual cost at time of acquisition (Part 2, Column 8) .....	
	2.2 Additional investment made after acquisition (Part 2, Column 9) .....	
3.	Capitalized deferred interest and other:	
	3.1 Totals, Part 1, Column 16 .....	
	3.2 Totals, Part 3, Column 12 .....	
4.	Accrual of discount .....	
5.	Unrealized valuation increase (decrease):	
	5.1 Totals, Part 1, Column 13 .....	
	5.2 Totals, Part 3, Column 9 .....	
6.	Total gain (loss) on disposals, Part 3, Column 19 .....	
7.	Deduct amounts received on disposals, Part 3, Column 16 .....	
8.	Deduct amortization of premium and depreciation .....	
9.	Total foreign exchange change in book/adjusted carrying value:	
	9.1 Totals, Part 1, Column 17 .....	
	9.2 Totals, Part 3, Column 14 .....	
10.	Deduct current year's other than temporary impairment recognized:	
	10.1 Totals, Part 1, Column 15 .....	
	10.2 Totals, Part 3, Column 11 .....	
11.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5+6-7-8+9-10) .....	
12.	Deduct total nonadmitted amounts .....	
13.	Statement value at end of current period (Line 11 minus Line 12) .....	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1.	Book/adjusted carrying value, December 31 of prior year .....	12,474,019
2.	Cost of bonds and stocks acquired, Column 7, Part 3 .....	
3.	Accrual of discount .....	1,933
4.	Unrealized valuation increase (decrease):	
	4.1. Column 12, Part 1 .....	
	4.2. Column 15, Part 2, Section 1 .....	
	4.3. Column 13, Part 2, Section 2 .....	
	4.4. Column 11, Part 4 .....	
5.	Total gain (loss) on disposals, Column 19, Part 4 .....	39,616
6.	Deduction consideration for bonds and stocks disposed of, Column 7, Part 4 .....	4,192,558
7.	Deduct amortization of premium .....	16,829
8.	Total foreign exchange change in book/adjusted carrying value:	
	8.1. Column 15, Part 1 .....	
	8.2. Column 19, Part 2, Section 1 .....	
	8.3. Column 16, Part 2, Section 2 .....	
	8.4. Column 15, Part 4 .....	
9.	Deduct current year's other than temporary impairment recognized:	
	9.1. Column 14, Part 1 .....	
	9.2. Column 17, Part 2, Section 1 .....	
	9.3. Column 14, Part 2, Section 2 .....	
	9.4. Column 13, Part 4 .....	
10.	Book/adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	8,306,181
11.	Deduct total nonadmitted amounts .....	
12.	Statement value at end of current period (Line 10 minus Line 11) .....	8,306,181

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year

Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS					
Governments (Including all obligations guaranteed by governments)	1. United States .....	2,437,170	3,224,130	2,484,924	2,200,000
	2. Canada .....				
	3. Other Countries				
	4. Totals	2,437,170	3,224,130	2,484,924	2,200,000
States, Territories and Possessions (Direct and guaranteed)	5. United States .....	4,510,686	4,224,844	4,516,796	4,500,000
	6. Canada .....				
	7. Other Countries				
	8. Totals	4,510,686	4,224,844	4,516,796	4,500,000
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States .....				
	10. Canada .....				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non- guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States .....	1,358,325	1,397,355	1,357,712	1,365,981
	14. Canada .....				
	15. Other Countries				
	16. Totals	1,358,325	1,397,355	1,357,712	1,365,981
Public Utilities (unaffiliated)	17. United States .....				
	18. Canada .....				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States .....				
	22. Canada .....				
	23. Other Countries				
	24. Totals				
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	8,306,181	8,846,329	8,359,432	8,065,981
PREFERRED STOCKS					
Public Utilities (unaffiliated)	27. United States .....				
	28. Canada .....				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States .....				
	32. Canada .....				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States .....				
	36. Canada .....				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS					
Public Utilities (unaffiliated)	41. United States .....				
	42. Canada .....				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States .....				
	46. Canada .....				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States .....				
	50. Canada .....				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	8,306,181	8,846,329	8,359,432	

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, (Group 1)											
1.1 Class 1 .....	4,000,000			2,437,170		6,437,170	52.3	2,925,030	22.6	6,437,170	
1.2 Class 2 .....											
1.3 Class 3 .....											
1.4 Class 4 .....											
1.5 Class 5 .....											
1.6 Class 6 .....											
1.7 Totals	4,000,000			2,437,170		6,437,170	52.3	2,925,030	22.6	6,437,170	
2. All Other Governments, (Group 2)											
2.1 Class 1 .....											
2.2 Class 2 .....											
2.3 Class 3 .....											
2.4 Class 4 .....											
2.5 Class 5 .....											
2.6 Class 6 .....											
2.7 Totals											
3. States, Territories and Possessions etc., Guaranteed, (Group 3)											
3.1 Class 1 .....		250,000	1,526,518	1,234,266	1,499,902	4,510,686	36.7	8,441,977	65.2	4,510,686	
3.2 Class 2 .....											
3.3 Class 3 .....											
3.4 Class 4 .....											
3.5 Class 5 .....											
3.6 Class 6 .....											
3.7 Totals		250,000	1,526,518	1,234,266	1,499,902	4,510,686	36.7	8,441,977	65.2	4,510,686	
4. Political Subdivisions of States, Territories and Possessions , Guaranteed, (Group 4)											
4.1 Class 1 .....											
4.2 Class 2 .....											
4.3 Class 3 .....											
4.4 Class 4 .....											
4.5 Class 5 .....											
4.6 Class 6 .....											
4.7 Totals											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, (Group 5)											
5.1 Class 1 .....					1,358,325	1,358,325	11.0	1,586,941	12.3	1,358,325	
5.2 Class 2 .....											
5.3 Class 3 .....											
5.4 Class 4 .....											
5.5 Class 5 .....											
5.6 Class 6 .....											
5.7 Totals					1,358,325	1,358,325	11.0	1,586,941	12.3	1,358,325	

# ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company

**SCHEDULE D - PART 1A - SECTION 1 (Continued)**

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company

SCHEDULE D - PART 1A - SECTION 1 (Continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

	1	2	3	4	5	6	7	8	9	10	11
Quality Rating per the NAIC Designation	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1 .....	(d) 4,000,000	250,000	1,526,518	3,671,436	2,858,227	12,306,181	100.0	XXX	XXX	12,306,181	
10.2 Class 2 .....	(d)							XXX	XXX		
10.3 Class 3 .....	(d)							XXX	XXX		
10.4 Class 4 .....	(d)							XXX	XXX		
10.5 Class 5 .....	(d)					(c)		XXX	XXX		
10.6 Class 6 .....	(d)					(c)		XXX	XXX		
10.7 Totals .....	4,000,000	250,000	1,526,518	3,671,436	2,858,227	(b) 12,306,181	100.0	XXX	XXX	12,306,181	
10.8 Line 10.7 as a % of Col. 6	32.5	2.0	12.4	29.8	23.2	100.0	XXX	XXX	XXX	100.0	
11. Total Bonds Prior Year											
11.1 Class 1 .....	479,931	1,819,341	3,889,241	3,678,594	3,086,841	XXX	XXX	12,953,948	100.0	12,953,948	
11.2 Class 2 .....						XXX	XXX				
11.3 Class 3 .....						XXX	XXX				
11.4 Class 4 .....						XXX	XXX				
11.5 Class 5 .....						XXX	XXX	(c)			
11.6 Class 6 .....						XXX	XXX	(c)			
11.7 Totals .....	479,931	1,819,341	3,889,241	3,678,594	3,086,841	XXX	XXX	(b) 12,953,948	100.0	12,953,948	
11.8 Line 11.7 as a % of Col. 8	3.7	14.0	30.0	28.4	23.8	XXX	XXX	100.0	XXX	100.0	
12. Total Publicly Traded Bonds											
12.1 Class 1 .....	4,000,000	250,000	1,526,518	3,671,436	2,858,227	12,306,181	100.0	12,953,948	100.0	12,306,181	XXX
12.2 Class 2 .....											XXX
12.3 Class 3 .....											XXX
12.4 Class 4 .....											XXX
12.5 Class 5 .....											XXX
12.6 Class 6 .....											XXX
12.7 Totals .....	4,000,000	250,000	1,526,518	3,671,436	2,858,227	12,306,181	100.0	12,953,948	100.0	12,306,181	XXX
12.8 Line 12.7 as a % of Col. 6	32.5	2.0	12.4	29.8	23.2	100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	32.5	2.0	12.4	29.8	23.2	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1 .....										XXX	
13.2 Class 2 .....										XXX	
13.3 Class 3 .....										XXX	
13.4 Class 4 .....										XXX	
13.5 Class 5 .....										XXX	
13.6 Class 6 .....										XXX	
13.7 Totals .....										XXX	
13.8 Line 13.7 as a % of Col. 6							XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10							XXX	XXX	XXX	XXX	

(a) Includes \$ ..... freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.

(b) Includes \$ ..... current year, \$ ..... prior year of bonds with Z designations and \$ ..... , current year \$ ..... prior year of bonds with Z\* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z\*" means the SVO could not evaluate the obligation because valuation procedures for the security class are under regulatory review.

(c) Includes \$ ..... current year, \$ ..... prior year of bonds with 5\* designations and \$ ..... , current year \$ ..... prior year of bonds with 6\* designations. "5\*" means the NAIC designation was assigned by the (SVO) in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6\*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

(d) Includes the following amount of non-rated short-term and cash equivalent bonds by NAIC designation: NAIC 1 \$ .....4,000,000 ; NAIC 2 \$ ..... ; NAIC 3 \$ ..... ; NAIC 4 \$ ..... ; NAIC 5 \$ ..... ; NAIC 6 \$ .....



ANNUAL STATEMENT FOR THE YEAR 2008 OF THE   Unitrin Direct Insurance Company

**SCHEDULE D - PART 1A - SECTION 2**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, (Group 1)											
1.1 Issuer Obligations .....	4,000,000			2,437,170		6,437,170	52.3	2,925,030	22.6	6,437,170	
1.2 Single Class Mortgage-Backed /Asset Backed Securities .....											
1.7 Totals .....	4,000,000			2,437,170		6,437,170	52.3	2,925,030	22.6	6,437,170	
2. All Other Governments, (Group 2)											
2.1 Issuer Obligations .....											
2.2 Single Class Mortgage-Backed /Asset Backed Securities .....											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
2.3 Defined .....											
2.4 Other .....											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
2.5 Defined .....											
2.6 Other .....											
2.7 Totals .....											
3. States, Territories and Possessions, Guaranteed, (Group 3)											
3.1 Issuer Obligations .....		250,000	1,526,518	1,234,266	1,499,902	4,510,686	36.7	8,441,977	65.2	4,510,686	
3.2 Single Class Mortgage-Backed /Asset Backed Securities .....											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
3.3 Defined .....											
3.4 Other .....											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
3.5 Defined .....											
3.6 Other .....											
3.7 Totals .....		250,000	1,526,518	1,234,266	1,499,902	4,510,686	36.7	8,441,977	65.2	4,510,686	
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, (Group 4)											
4.1 Issuer Obligations .....											
4.2 Single Class Mortgage-Backed /Asset Backed Securities .....											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
4.3 Defined .....											
4.4 Other .....											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
4.5 Defined .....											
4.6 Other .....											
4.7 Totals .....											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, (Group 5)											
5.1 Issuer Obligations .....											
5.2 Single Class Mortgage-Backed /Asset Backed Securities .....					1,358,325	1,358,325	11.0	1,586,941	12.3	1,358,325	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
5.3 Defined .....											
5.4 Other .....											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
5.5 Defined .....											
5.6 Other .....											
5.7 Totals .....					1,358,325	1,358,325	11.0	1,586,941	12.3	1,358,325	

# ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company

**SCHEDULE D - PART 1A - SECTION 2 (Continued)**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

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ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company  
**SCHEDULE D - PART 1A - SECTION 2 (Continued)**

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

	1	2	3	4	5	6	7	8	9	10	11
Distribution by Type	1 Year or Less	Over 1 Year Through 5 Years	Over 5 Years Through 10 Years	Over 10 Years Through 20 Years	Over 20 Years	Total Current Year	Col. 6 as a % of Line 10.7	Total from Col. 6 Prior Year	% From Col. 7 Prior Year	Total Publicly Traded	Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations .....	4,000,000	250,000	1,526,518	3,671,436	1,499,902	10,947,856	89.0	.XXX	.XXX	10,947,856	
10.2 Single Class Mortgage-Backed /Asset Backed Securities .....					1,358,325	1,358,325	11.0	.XXX	.XXX	1,358,325	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
10.3 Defined .....								.XXX	.XXX		
10.4 Other .....								.XXX	.XXX		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
10.5 Defined .....								.XXX	.XXX		
10.6 Other .....								.XXX	.XXX		
10.7 Totals .....	4,000,000	250,000	1,526,518	3,671,436	2,858,227	12,306,181	100.0	.XXX	.XXX	12,306,181	
10.8 Line 10.7 as a % of Col. 6 .....	32.5	2.0	12.4	29.8	23.2	100.0	XXX	XXX	XXX	100.0	
11. Total Bonds Prior Year											
11.1 Issuer Obligations .....	479,931	1,819,341	3,889,241	3,678,594	1,499,900	XXX	XXX	11,367,007	87.7	11,367,007	
11.2 Single Class Mortgage-Backed /Asset Backed Securities .....					1,586,941	XXX	XXX	1,586,941	12.3	1,586,941	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
11.3 Defined .....						XXX	XXX				
11.4 Other .....						XXX	XXX				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
11.5 Defined .....						XXX	XXX				
11.6 Other .....						XXX	XXX				
11.7 Totals .....	479,931	1,819,341	3,889,241	3,678,594	3,086,841	XXX	XXX	12,953,948	100.0	12,953,948	
11.8 Line 11.7 as a % of Col. 8 .....	3.7	14.0	30.0	28.4	23.8	XXX	XXX	100.0	XXX	100.0	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations .....	4,000,000	250,000	1,526,518	3,671,436	1,499,902	10,947,856	89.0	11,367,007	87.7	10,947,856	XXX
12.2 Single Class Mortgage-Backed /Asset Backed Securities .....					1,358,325	1,358,325	11.0	1,586,941	12.3	1,358,325	XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
12.3 Defined .....											XXX
12.4 Other .....											XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
12.5 Defined .....											XXX
12.6 Other .....											XXX
12.7 Totals .....	4,000,000	250,000	1,526,518	3,671,436	2,858,227	12,306,181	100.0	12,953,948	100.0	12,306,181	XXX
12.8 Line 12.7 as a % of Col. 6 .....	32.5	2.0	12.4	29.8	23.2	100.0	XXX	.XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10 .....	32.5	2.0	12.4	29.8	23.2	100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations .....										XXX	
13.2 Single Class Mortgage-Backed /Asset Backed Securities .....										XXX	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES:											
13.3 Defined .....										XXX	
13.4 Other .....										XXX	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES:											
13.5 Defined .....										XXX	
13.6 Other .....										XXX	
13.7 Totals .....										XXX	
13.8 Line 13.7 as a % of Col. 6 .....							XXX	.XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10 .....							XXX	XXX	XXX	XXX	

Schedule DA - Verification - Short-Term Investments

N O N E

Schedule DB - Part A - Verification - Options, Caps, Floors and Insurance Futures Options Owned

N O N E

Schedule DB - Part B - Verification - Options, Caps, Floors and Insurance Futures Options Written

N O N E

Schedule DB - Part C - Verification - Swaps and Forwards

N O N E

Schedule DB - Part D - Verification - Futures Contracts and Insurance Futures Contracts

N O N E

Schedule DB - Part E - Verification - Statement Value and Fair Value of Open Contracts

N O N E

Schedule DB - Part F - Section 1 - Replicated (Synthetic) Assets Open

N O N E

Schedule DB - Part F - Section 2 - Reconciliation of Replicated (Synthetic) Assets Open

N O N E

SCHEDULE E - VERIFICATION BETWEEN YEARS

(Cash Equivalents)

	1	2	3
	Total	Bonds	Other (a)
1. Book/adjusted carrying value, December 31 of prior year .....	479,931	479,931	
2. Cost of cash equivalents acquired .....	71,470,264	71,470,264	
3. Accrual of discount .....	25,830	25,830	
4. Unrealized valuation increase (decrease) .....			
5. Total gain (loss) on disposals .....	793	793	
6. Deduct consideration received on disposals .....	67,976,818	67,976,818	
7. Deduct amortization of premium .....			
8. Total foreign exchange change in book/adjusted carrying value .....			
9. Deduct current year's other than temporary impairment recognized .....			
10. Book adjusted carrying value at end of current period (Lines 1+2+3+4+5-6-7+8-9) .....	4,000,000	4,000,000	
11. Deduct total nonadmitted amounts .....			
12. Statement value at end of current period (Line 10 minus Line 11)	4,000,000	4,000,000	

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Schedule A - Part 1 - Real Estate Owned  
**N O N E**

Schedule A - Part 2 - Real Estate Acquired and Additions Made  
**N O N E**

Schedule A - Part 3 - Real Estate Disposed  
**N O N E**

Schedule B - Part 1 - Mortgage Loans Owned  
**N O N E**

Schedule B - Part 2 - Mortgage Loans Acquired  
**N O N E**

Schedule B - Part 3 - Mortgage Loans Disposed, Transferred or Repaid  
**N O N E**

Schedule BA - Part 1 - Other Long-Term Invested Assets Owned  
**N O N E**

Schedule BA - Part 2 - Other Long-Term Invested Assets Acquired  
**N O N E**

Schedule BA - Part 3 - Other Long-Term Invested Assets Disposed, Transferred or Repaid  
**N O N E**

ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company

SCHEDULE D - PART 1

Showing All Long-Term BONDS Owned December 31 of Current Year

1	2	Codes			6	7	Fair Value		10	11	Change in Book/Adjusted Carrying Value				Interest					Dates	
		3	4	5			8	9			12	13	14	15	16	17	18	19	20	21	22
CUSIP Identification	Description	C o d e	F o r e i g n	Bond Char	NAIC Des.	Actual Cost	Rate Used to Obtain Fair Value	Fair Value	Par Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amor- tization) Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Foreign Exchange Change in Book/ Adjusted Carrying Value	Rate of	Effective Rate of	When Paid	Admitted Amount Due and Accrued	Amount Received During Year	Acquired	Maturity
912810-EH-7 .....	US TREASURY NOTE .....				1	240,236	148.6250	297,250	200,000	230,663		(1,672)			7.875	6.070	FA	5,949	15,768	03/25/2002	02/15/2021
912810-FA-1 .....	US TREASURY .....				1	2,244,688	146.3440	2,926,880	2,000,000	2,206,507		(6,256)			6.375	5.480	FA	48,159	127,500	10/15/2001	08/15/2027
0199999. U.S. Government - Issuer Obligations						2,484,924	XXX	3,224,130	2,200,000	2,437,170		(7,928)			XXX	XXX	XXX	54,108	143,268	XXX	XXX
0399999. Total - U.S. Government Bonds						2,484,924	XXX	3,224,130	2,200,000	2,437,170		(7,928)			XXX	XXX	XXX	54,108	143,268	XXX	XXX
1099999. Total - All Other Government Bonds							XXX								XXX	XXX	XXX			XXX	XXX
011770-Q6-4 .....	ALASKA STATE .....			1	1FE	489,855	97.3220	486,610	500,000	492,105		409			4.500	4.650	FA	9,375	22,500	04/09/2003	08/01/2022
041042-BS-0 .....	ARKANSAS STATE .....			1	1FE	247,958	97.1550	242,888	250,000	248,322		73			4.500	4.560	JJ	5,625	11,250	03/18/2003	07/01/2024
041042-DE-9 .....	ARKANSAS STATE .....			1	1FE	244,750	96.6470	241,618	250,000	245,648		190			4.750	4.910	JJ	5,938	11,875	09/11/2003	07/01/2027
207726-QD-3 .....	CONNECTICUT STATE .....			1	1FE	527,140	101.4510	507,255	500,000	521,136		(2,204)			4.750	4.120	JD	1,056	23,750	02/24/2006	12/15/2016
246380-WD-7 .....	DELAWARE STATE .....			1	1FE	247,658	100.3570	250,893	250,000	248,191		99			4.625	4.700	JJ	5,781	11,562	01/08/2003	01/01/2022
246380-WE-5 .....	DELAWARE STATE .....			1	1FE	249,990	106.1540	265,385	250,000	250,000					4.750	4.750	JJ	5,937	11,875	01/08/2003	01/01/2011
76222N-GE-5 .....	RHODE ISLAND .....			1	1FE	1,009,550	100.0420	1,000,420	1,000,000	1,005,382		(926)			4.500	4.380	FA	18,750	45,000	02/06/2004	02/01/2014
882720-3Y-9 .....	TEXAS STATE .....			1	1FE	1,499,895	81.9850	1,229,775	1,500,000	1,499,902		2			4.800	4.800	FA	30,000	72,000	02/24/2004	08/01/2034
1199999. States, Territories and Possessions - Issuer Obligations						4,516,796	XXX	4,224,844	4,500,000	4,510,686		(2,357)			XXX	XXX	XXX	82,462	209,812	XXX	XXX
1799999. Total - States, Territories and Possessions Bonds						4,516,796	XXX	4,224,844	4,500,000	4,510,686		(2,357)			XXX	XXX	XXX	82,462	209,812	XXX	XXX
2499999. Total - Political Subdivisions Bonds							XXX								XXX	XXX	XXX			XXX	XXX
31371P-W5-5 .....	FANNIE MAE - COIN .....			2	1	240,424	102.3010	246,457	240,913	240,424		108			5.000	4.960	MON	1,004	12,046	10/12/2004	10/01/2034
31371Q-CS-5 .....	FANNIE MAE PASS THROUGH COIN .....			2	1	1,039,259	102.2380	1,070,891	1,047,442	1,040,021		999			5.000	5.080	MON	4,364	52,372	09/13/2005	09/01/2035
31371Q-QR-2 .....	FANNIE MAE PASS THROUGH COIN .....			2	1	78,029	103.0660	80,007	77,626	77,880		(211)			6.000	5.770	MON	388	4,658	10/10/2006	10/01/2036
2699999. Special Revenues - Single Class Mortgage-Backed/Asset-Backed Securities						1,357,712	XXX	1,397,355	1,365,981	1,358,325		896			XXX	XXX	XXX	5,756	69,076	XXX	XXX
3199999. Total - Special Revenues Bonds						1,357,712	XXX	1,397,355	1,365,981	1,358,325		896			XXX	XXX	XXX	5,756	69,076	XXX	XXX
3899999. Total - Public Utilities Bonds							XXX								XXX	XXX	XXX			XXX	XXX
4599999. Total - Industrial and Miscellaneous Bonds							XXX								XXX	XXX	XXX			XXX	XXX
5399999. Total - Parent, Subsidiaries and Affiliates Bonds							XXX								XXX	XXX	XXX			XXX	XXX
5499999. Total - Issuer Obligations						7,001,720	XXX	7,448,974	6,700,000	6,947,856		(10,285)			XXX	XXX	XXX	136,570	353,080	XXX	XXX
5599999. Total - Single Class Mortgage-Backed/Asset-Backed Securities						1,357,712	XXX	1,397,355	1,365,981	1,358,325		896			XXX	XXX	XXX	5,756	69,076	XXX	XXX
5699999. Total - Defined Multi-Class Residential Mortgage-Backed Securities							XXX								XXX	XXX	XXX			XXX	XXX
5799999. Total - Other Multi-Class Residential Mortgage-Backed Securities							XXX								XXX	XXX	XXX			XXX	XXX
5899999. Total - Defined Multi-Class Commercial Mortgage-Backed Securities							XXX								XXX	XXX	XXX			XXX	XXX
5999999. Total - Other Multi-Class Commercial Mortgage-Backed/Asset-Backed Securities							XXX								XXX	XXX	XXX			XXX	XXX
6099999 - Total Bonds						8,359,432	XXX	8,846,329	8,065,981	8,306,181		(9,389)			XXX	XXX	XXX	142,326	422,156	XXX	XXX

Schedule D - Part 2 - Section 1 - Preferred Stocks Owned  
**N O N E**

Schedule D - Part 2 - Section 2 - Common Stocks Owned  
**N O N E**

Schedule D - Part 3 - Long-Term Bonds and Stocks Acquired  
**N O N E**



ANNUAL STATEMENT FOR THE YEAR 2008 OF THE Unitrin Direct Insurance Company

SCHEDULE D - PART 4

Showing All Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

1	2	3	4	5	6	7	8	9	10	Change In Book/Adjusted Carrying Value					16	17	18	19	20	21
										11	12	13	14	15						
CUSIP Identi- fication	Description	For- eign	Disposal Date	Name of Purchaser	Number of Shares of Stock	Con- sideration	Par Value	Actual Cost	Prior Year Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ Decrease	Current Year's (Amor- tization)/ Accretion	Current Year's Other Than Temporary Impairment Recognized	Total Change in Book/ Adjusted Carrying Value (11+12-13)	Total Foreign Exchange Change in Book/ Adjusted Carrying Value	Book/ Adjusted Carrying Value at Disposal Date	Foreign Exchange Gain (Loss) on Disposal	Realized Gain (Loss) on Disposal	Total Gain (Loss) on Disposal	Bond Interest/ Stock Dividends Received During Year	Maturity Date
341535-VH-2	FLORIDA STATE		02/19/2008	RBC (DAIN RAUSCHER) CAPITAL MKTS CREWS & ASSOCIATES INC.		517,000	500,000	531,845	527,024		(382)		(382)		526,641		(9,641)	(9,641)	5,625	06/01/2025
419780-VR-9	HAWAII STATE		02/19/2008			1,580,250	1,500,000	1,612,950	1,569,341		(2,231)		(2,231)		1,567,111		13,139	13,139	41,875	02/01/2019
612103-EQ-0	MONTANA STATE		04/17/2008	CITIGROUP GLOBAL		1,070,320	1,000,000	1,065,460	1,049,771		(1,766)		(1,766)		1,048,006		22,314	22,314	32,625	08/01/2016
612103-ER-8	MONTANA STATE		04/17/2008	CITIGROUP GLOBAL		795,443	750,000	793,088	782,798		(1,160)		(1,160)		781,639		13,804	13,804	24,469	08/01/2017
1799999. Bonds - States, Territories and Possessions						3,963,013	3,750,000	4,003,343	3,928,934		(5,539)		(5,539)		3,923,397		39,616	39,616	104,594	XXX
31371P-W5-5	FANNIE MAE - COIN		12/01/2008	MBS PAYDOWN		56,878	56,878	56,763	56,871		7		7		56,878				1,383	10/01/2034
31371Q-CS-5	FANNIE MAE PASS THROUGH COIN		12/01/2008	MBS PAYDOWN		151,813	151,813	150,627	151,768		46		46		151,813				4,227	09/01/2035
31371Q-QR-2	FANNIE MAE PASS THROUGH COIN		12/01/2008	MBS PAYDOWN		20,854	20,854	20,962	20,875		(21)		(21)		20,854				856	10/01/2036
3199999. Bonds - Special Revenues						229,545	229,545	228,352	229,514		32		32		229,545				6,466	XXX
6099997. Total - Bonds - Part 4						4,192,558	3,979,545	4,231,695	4,158,448		(5,507)		(5,507)		4,152,942		39,616	39,616	111,060	XXX
6099998. Total - Bonds - Part 5																				XXX
6099999. Total - Bonds						4,192,558	3,979,545	4,231,695	4,158,448		(5,507)		(5,507)		4,152,942		39,616	39,616	111,060	XXX
6599997. Total - Preferred Stocks - Part 4							XXX													XXX
6599998. Total - Preferred Stocks - Part 5							XXX													XXX
6599999. Total - Preferred Stocks							XXX													XXX
7299997. Total - Common Stocks - Part 4							XXX													XXX
7299998. Total - Common Stocks - Part 5							XXX													XXX
7299999. Total - Common Stocks							XXX													XXX
7399999. Total - Preferred and Common Stocks							XXX													XXX
7499999 - Totals						4,192,558	XXX	4,231,695	4,158,448		(5,507)		(5,507)		4,152,942		39,616	39,616	111,060	XXX

Schedule D - Part 5 - Long Term Bonds and Stocks Acquired and Fully Disposed Of

NONE

Schedule D - Part 6 - Section 1 - Valuation of Shares of Subsidiary, Controlled or Affiliated Companies

NONE

Schedule D - Part 6 - Section 2

NONE

Schedule DA - Part 1 - Short-Term Investments Owned

NONE

Schedule DB - Part A - Section 1 - Options, Caps, Floors and Insurance Futures Options Owned

NONE

Schedule DB - Part A - Section 2 - Options, Caps, Floors and Insurance Futures Options Acquired

NONE

Schedule DB - Part A - Section 3 - Options, Caps, Floors and Insurance Futures Options Terminated

NONE

Schedule DB - Part B - Section 1 - Options, Caps, Floors and Insurance Futures Options Written and  
In Force

NONE

Schedule DB - Part B - Section 2 - Options, Caps, Floors and Insurance Futures Options Written

NONE

Schedule DB - Part B - Section 3 - Options, Caps, Floors and Insurance Futures Options Terminated

NONE

Schedule DB - Part C - Section 1 - Collar, Swap and Forwards Open

NONE

Schedule DB - Part C - Section 2 - Collar, Swap and Forwards Opened

NONE

Schedule DB - Part C - Section 3 - Collar, Swap and Forwards Terminated

NONE

Schedule DB - Part D - Section 1 - Futures Contracts and Insurance Futures Contracts Open

NONE

Schedule DB - Part D - Section 2 - Futures Contracts and Insurance Futures Contracts Opened

NONE

Schedule DB - Part D - Section 3 - Futures Contracts and Insurance Futures Contracts Terminated  
**N O N E**

Schedule DB - Part E - Section 1 - Counterparty Exposure for Derivative Instruments Open  
**N O N E**

## SCHEDULE E - PART 1 - CASH

TOTALS OF DEPOSITORY BALANCES ON THE LAST DAY OF EACH MONTH DURING THE CURRENT YEAR											
1.	January.....	1,306,813	4.	April.....	8,654,035	7.	July.....	2,597,849	10.	October.....	1,430,614
2.	February.....	3,092,255	5.	May.....	9,986,007	8.	August.....	2,678,764	11.	November.....	8,440,113
3.	March.....	2,190,577	6.	June.....	3,772,365	9.	September.....	(852,042)	12.	December.....	1,467,905

## SCHEDULE E - PART 2 - CASH EQUIVALENTS

[illegible]

SCHEDULE E - PART 3 - SPECIAL DEPOSITS

	1	2	Deposits For the Benefit of All Policyholders		All Other Special Deposits	
			3	4	5	6
States, Etc.	Type of Deposit	Purpose of Deposit	Book/Adjusted Carrying Value	Fair Value	Book/Adjusted Carrying Value	Fair Value
1. Alabama .....	AL					
2. Alaska .....	AK					
3. Arizona .....	AZ					
4. Arkansas .....	AR					
5. California .....	CA					
6. Colorado .....	CO					
7. Connecticut .....	CT					
8. Delaware .....	DE					
9. District of Columbia .....	DC					
10. Florida .....	FL					
11. Georgia .....	GA					
12. Hawaii .....	HI					
13. Idaho .....	ID					
14. Illinois .....	IL	B. ALL POLICYHOLDERS .....	2,206,508	2,926,880		
15. Indiana .....	IN					
16. Iowa .....	IA					
17. Kansas .....	KS					
18. Kentucky .....	KY					
19. Louisiana .....	LA					
20. Maine .....	ME					
21. Maryland .....	MD					
22. Massachusetts .....	MA					
23. Michigan .....	MI					
24. Minnesota .....	MN					
25. Mississippi .....	MS					
26. Missouri .....	MO					
27. Montana .....	MT					
28. Nebraska .....	NE					
29. Nevada .....	NV					
30. New Hampshire .....	NH					
31. New Jersey .....	NJ					
32. New Mexico .....	NM					
33. New York .....	NY					
34. North Carolina .....	NC					
35. North Dakota .....	ND					
36. Ohio .....	OH					
37. Oklahoma .....	OK					
38. Oregon .....	OR					
39. Pennsylvania .....	PA					
40. Rhode Island .....	RI					
41. South Carolina .....	SC					
42. South Dakota .....	SD					
43. Tennessee .....	TN					
44. Texas .....	TX					
45. Utah .....	UT					
46. Vermont .....	VT					
47. Virginia .....	VA	B. ALL VA POLICYHOLDERS .....			230,663	297,250
48. Washington .....	WA					
49. West Virginia .....	WV					
50. Wisconsin .....	WI					
51. Wyoming .....	WY					
52. American Samoa .....	AS					
53. Guam .....	GU					
54. Puerto Rico .....	PR					
55. U.S. Virgin Islands .....	VI					
56. Northern Mariana Islands .....	MP					
57. Canada .....	CN					
58. Aggregate Alien and Other .....	OT	XXX	XXX			
59. Subtotal	XXX	XXX	2,206,508	2,926,880	230,663	297,250
DETAILS OF WRITE-INS						
5801. ....						
5802. ....						
5803. ....						
5898. Summary of remaining write-ins for Line 58 from overflow page	XXX	XXX				
5899. Totals (Lines 5801 thru 5803 plus 5898)(Line 58 above)	XXX	XXX				

ALPHABETICAL INDEX

ANNUAL STATEMENT BLANK

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